

CITY COURT OF RAYNE, LOUISIANA

Financial Report

Year Ended September 30, 2012

CITY COURT OF RAYNE, LOUISIANA

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THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT AUDITORS REPORT

The Honorable James M. Cunningham, III
City Judge
City Court of Rayne
Rayne, Louisiana

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the City Court of Rayne, Louisiana, a component unit of City of Rayne, as of and for the year ended September 30, 2012, which collectively comprise the City Court of Rayne's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City Court of Rayne's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the City Court of Rayne, Louisiana at September 30, 2012, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2013 on our consideration of the City Court of Rayne, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The City Court of Rayne, Louisiana has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

MEMBER OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable James Cunningham, Judge
City Court of Rayne, Louisiana

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City Court of Rayne, Louisiana's basic financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents and the budgetary comparison schedules listed as required supplementary information in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City Court of Rayne, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
February 3, 2013

Basic Financial Statements

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF NET ASSETS
September 30, 2012

	General Fund	TOTALS	
		2012	(Memo Only) 2011
ASSETS			
Cash and cash equivalents	\$ 185,829	\$ 185,829	\$ 131,244
Receivables	19,685	19,685	9,923
Total Assets	<u>\$ 205,514</u>	<u>\$ 205,514</u>	<u>\$ 141,167</u>
LIABILITIES			
Liabilities			
Accounts payable	\$ 30,717	\$ 30,717	\$ 6,518
Total Liabilities	<u>\$ 30,717</u>	<u>\$ 30,717</u>	<u>\$ 6,518</u>
NET ASSETS			
Unrestricted	<u>\$ 174,797</u>	<u>\$ 174,797</u>	<u>\$ 134,649</u>
Total Net Assets	<u><u>\$ 174,797</u></u>	<u><u>\$ 174,797</u></u>	<u><u>\$ 134,649</u></u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF ACTIVITIES
September 30, 2012

	General Fund	TOTALS	
		2012	(Memo Only) 2011
<u>GOVERNMENTAL ACTIVITIES:</u>			
EXPENSES			
Judiciary:			
Travel and professional development	\$ 18,348	\$ 18,348	\$ 14,030
Operating services	287,234	287,234	184,337
Office expense	3,963	3,963	3,703
Total Expenses	<u>\$ 309,545</u>	<u>\$ 309,545</u>	<u>\$ 202,070</u>
PROGRAM REVENUES			
Costs assessed for court	<u>\$ 349,693</u>	<u>\$ 349,693</u>	<u>\$ 218,950</u>
Total Program Revenues	<u>\$ 349,693</u>	<u>\$ 349,693</u>	<u>\$ 218,950</u>
Change in Net Assets	\$ 40,148	\$ 40,148	\$ 16,880
Net Assets - Beginning of the Year	<u>134,649</u>	<u>134,649</u>	<u>117,769</u>
Net Assets - End of Year	<u>\$ 174,797</u>	<u>\$ 174,797</u>	<u>\$ 134,649</u>

The accompanying notes are an integral part of this statement.

Fund Financial Statements

CITY COURT OF RAYNE, LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET
September 30, 2012

	General Fund	TOTALS 2012	(Memo Only) 2011
ASSETS			
Cash and cash equivalents	\$ 185,829	\$ 185,829	\$ 131,244
Receivables	19,685	19,685	9,923
Total Assets	<u>\$ 205,514</u>	<u>\$ 205,514</u>	<u>\$ 141,167</u>
LIABILITIES			
Accounts payable	\$ 30,717	\$ 30,717	\$ 6,518
Total Liabilities	<u>\$ 30,717</u>	<u>\$ 30,717</u>	<u>\$ 6,518</u>
FUND BALANCE			
Unassigned	\$ 174,797	\$ 174,797	\$ 134,649
Total Liabilities and Fund Balances	<u><u>\$ 205,514</u></u>	<u><u>\$ 205,514</u></u>	<u><u>\$ 141,167</u></u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

Fund Balances - Total Governmental Funds	\$ 174,797
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and therefore
reported in the funds.

Governmental Capital Assets	\$ 6,145
Less: Accumulated Depreciation	<u>(6,145)</u>

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Net Assets of Governmental Activities	<u><u>\$ 174,797</u></u>
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The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE
September 30, 2012

	General Fund	
	2012	(Memo Only) 2011
Revenues:		
Criminal Fees	\$ 283,837	\$ 153,222
Civil Court Fees	65,810	65,678
Miscellaneous	46	50
Total Revenues	<u>\$ 349,693</u>	<u>\$ 218,950</u>
Expenditures:		
General Government--Judicial	\$ 309,545	\$ 202,070
Total Expenditures	<u>\$ 309,545</u>	<u>\$ 202,070</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 40,148	\$ 16,880
Fund Balance, Beginning of Year	<u>134,649</u>	<u>117,769</u>
Fund Balance, End of Year	<u><u>\$ 174,797</u></u>	<u><u>\$ 134,649</u></u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2012

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 40,148</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 40,148</u></u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2012

	Agency Fund	TOTALS	
		2012	(Memo Only) 2011
ASSETS			
Cash and cash equivalents	\$ 104,485	\$ 104,485	\$ 54,657
Total Assets	<u>\$ 104,485</u>	<u>\$ 104,485</u>	<u>\$ 54,657</u>
LIABILITIES			
Accounts payable	\$ 33,222	\$ 33,222	\$ 18,525
Checks written in excess of cash balances	12,296	12,296	-
Held for others pending court action	58,967	58,967	36,132
Total Liabilities	<u>\$ 104,485</u>	<u>\$ 104,485</u>	<u>\$ 54,657</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
September 30, 2012

	Agency Fund	TOTALS	
		2012	(Memo Only) 2011
ADDITIONS			
Deposits	\$ 528,208	\$ 528,208	\$ 319,755
Total Assets	<u>\$ 528,208</u>	<u>\$ 528,208</u>	<u>\$ 319,755</u>
DEDUCTIONS			
Amounts Disbursed	\$ 505,373	\$ 505,373	\$ 347,754
Total Deductions	<u>\$ 505,373</u>	<u>\$ 505,373</u>	<u>\$ 347,754</u>
CHANGE IN NET ASSETS	\$ 22,835	\$ 22,835	\$ (27,999)
Net Assets - Beginning	<u>36,132</u>	<u>36,132</u>	<u>64,131</u>
Net Assets - Ending	<u><u>\$ 58,967</u></u>	<u><u>\$ 58,967</u></u>	<u><u>\$ 36,132</u></u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the City Court of Rayne, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the guidance set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity:

The City Court Judge is an independently elected official and is a part of the operations of the City Court system. The City Court of Rayne is fiscally dependent on the City of Rayne for office space and courtrooms. The City of Rayne also has approval authority over the City Court's capital budget. For these reasons, the City Court of Rayne is a component unit of the City of Rayne.

Fund Accounting:

The accounting system of the City Court of Rayne is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on certain activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The funds maintained by the Court consist of the following major categories:

Governmental Funds

Governmental Funds account for all of the City Court's general activities, including the collection and disbursement of specific or legally restricted monies and the general operating expenses of the court.

General Fund—The general fund derives its revenues from charges made through the criminal court system and the civil court system, and expends these funds for certain operations of the court.

Fiduciary Funds

Fiduciary Funds—Fiduciary funds are used to account for assets held by the Court as an agent for other governments, individuals, or funds. The court maintains two agency funds:

Trust Fund—The Trust Fund collects on judgements, traffic fines and receives traffic bonds pending final settlement. The Trust Fund makes payments in settlements of suits, and the traffic bonds are either refunded, or paid out as fines and court costs. The court costs are paid to the General Fund and the fine portion is paid to another government agency on traffic fines and forfeited traffic bonds.

Marshall's Trust Fund—This agency fund accounts for the collection of worthless checks and fines and court costs on State charges. Payments are made to other governmental agencies and for restitution on the worthless checks.

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

Basis of Accounting:

The modified accrual basis of accounting is utilized for the General Fund whereby revenues are recognized when they become available and measurable and expenditures when they are incurred. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

Vacation and Sick Leave:

The City Court of Rayne has no vacation or sick leave policies as of September 30, 2012. City Court employees are paid by the City of Rayne, therefore all payroll and related liabilities are accounted for on the city's books.

Equity Classifications:

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental funds report aggregate amount for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining for classifications: restricted, committed, assigned, and unassigned.

1. Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Judge – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Judge removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

3. Assigned fund balance – This classification reflects the amounts constrained by the Court’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Court of Rayne and the Judge have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Court considers restricted funds to have been used first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Court considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Court has provided otherwise in its commitment or assignment actions.

Fund balances for the periods ending September 30, 2011 and September 30, 2012 are as follows:

For year ended September 30, 2011			For year ended September 30, 2012		
	General Fund	Total		General Fund	Total
Unassigned	134,649	134,649	Unassigned	174,797	174,797
Total Fund			Total Fund		
Balances	<u>\$ 134,649</u>	<u>\$ 134,649</u>	Balances	<u>\$ 174,797</u>	<u>\$ 174,797</u>

Note 2. Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the court as a whole. These statements include all the financial activities of the court. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Reconciliation

There are no reconciliation items at September 30, 2012.

Note 3. Budgets

The City Court is legally required to prepare a budget. The budget is prepared and adopted prior to the beginning of each fiscal year and amended prior to year end.

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

Note 4. Cash and Cash Equivalents

Cash consists of funds in non-interest bearing checking accounts and interest bearing passbook accounts. The City Court of Rayne has no cash equivalents such as time deposits and money market accounts.

Note 5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

Note 6. Deposits with Financial Institutions

The City Court of Rayne's bank balances of deposits with financial institutions amounted to \$316,096 at September 30, 2012 and are fully insured.

Note 7. Capital Assets

Capital assets, which include furniture, fixtures, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The City Court maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office furniture	5-10
Equipment	5-10

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

The City of Rayne maintains and owns the majority of the capital assets utilized by The City Court.

There were no additions, deletions, or depreciation related to the capital assets for the year ended September 30, 2012.

Note 8. Expenses of City Court of Rayne Not Included in This Report

The accompanying financial statements do not include certain expenses of the City Court of Rayne that are paid out of the funds of the City of Rayne.

Note 9. Related Party Transactions

At September 30, 2012, there are no related party transactions or related amounts receivable or payable.

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

Note 10. Litigation

The City Court of Rayne has no threatened or pending litigation against it at September 30, 2012.

Note 11. Evaluation of Subsequent Events

Due to several different circumstances, Rayne City Court will be undergoing several renovations. The majority of the costs will be paid by the City of Rayne, with no financial burden on the Court, however; City Court will be responsible for the remodeling of the kitchen area.

Required Supplemental Information

CITY COURT OF RAYNE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2012

With Comparative Actual Amounts for Year Ended September 30, 2011

	2012				2011
	Budget		Actual	Variance-- Positive (Negative)	Actual
	Original	Final			
Revenues:					
Criminal fees	\$ 160,726	\$ 207,976	\$ 283,837	\$ 75,861	\$ 153,222
Civil court fees	59,572	58,824	65,810	6,986	65,678
Miscellaneous	-	-	46	46	50
Total Revenues	<u>\$ 220,298</u>	<u>\$ 266,800</u>	<u>\$ 349,693</u>	<u>\$ 82,893</u>	<u>\$ 218,950</u>
Expenditures:					
General government--judicial					
Indigent defender	\$ 40,479	\$ 42,272	\$ 59,231	\$ (16,959)	\$ 36,589
Crime lab	7,619	10,395	11,400	(1,005)	6,989
Reparation fund	2,333	3,564	3,294	270	2,578
Witness fund	5,398	6,844	9,187	(2,343)	4,444
District Attorney	3,802	4,476	5,041	(565)	3,371
Law enforcement commission	3,533	4,474	4,982	(508)	3,444
City of Rayne LACE tickets	-	22,200	59,394	(37,194)	
DWI fees	5,476	9,167	7,375	1,792	4,482
Retirement	3,813	3,099	3,338	(239)	4,132
Marshall services	47,941	45,472	65,198	(19,726)	45,469
Other fees	3,839	6,035	7,563	(1,528)	3,608
Compensation	26,607	12,956	11,947	1,009	23,070
Clerk fees	11,467	8,800	9,741	(941)	11,199
Convention and meetings	14,030	18,348	18,348	-	14,029
Recording fees	11,429	11,554	12,460	(906)	12,462
Dues and subscriptions	1,760	2,500	2,295	205	1,630
Office expense	4,523	3,709	3,963	(254)	3,703
Refunds	10,609	4,923	12,222	(7,299)	14,713
Miscellaneous	6,585	8,599	2,566	6,033	6,158
Total Expenditures	<u>\$ 211,243</u>	<u>\$ 229,387</u>	<u>\$ 309,545</u>	<u>\$ (80,158)</u>	<u>\$ 202,070</u>
Excess Revenues over Expenditures	\$ 9,055	\$ 37,413	\$ 40,148	\$ 2,735	\$ 16,880
Fund Balance, Beginning of Year	<u>\$ 134,649</u>	<u>\$ 134,649</u>	<u>\$ 134,649</u>	<u>\$ 134,649</u>	<u>\$ 117,769</u>
Fund Balance, End of Year	<u>\$ 143,704</u>	<u>\$ 172,062</u>	<u>\$ 174,797</u>	<u>\$ 137,384</u>	<u>\$ 134,649</u>

The accompanying notes are an integral part of this statement.

Other Supplemental Information

CITY COURT OF RAYNE, LOUISIANA

SCHEDULE OF EXPENDITURES - GENERAL FUND

September 30, 2012

With Comparative Amounts for Year Ended September 30, 2011

	General Fund	
	2012	(Memo Only) 2011
Expenditures:		
General government--judicial		
Indigent defender	\$ 59,231	\$ 36,589
Crime lab	11,400	6,989
Reparation fund	3,294	2,578
Witness fund	9,187	4,444
District Attorney	5,041	3,371
Law enforcement commission	4,982	3,444
City of Rayne LACE tickets	59,394	-
DWI fees	7,375	4,482
Retirement	3,338	4,132
Marshall services	65,198	45,469
Other fees	7,563	3,608
Compensation	11,947	23,070
Clerk fees	9,741	11,199
Convention and meetings	18,348	14,029
Recording fees	12,460	12,462
Dues and subscriptions	2,295	1,630
Office expense	3,963	3,703
Refunds	12,222	14,713
Miscellaneous	2,566	6,158
Total Expenditures	<u>\$ 309,545</u>	<u>\$ 202,070</u>

The accompanying notes are an integral part of this statement.

**Compliance, Internal Control
and Other Information**

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable James M. Cunningham, III
City Judge
City Court of Rayne
Rayne, Louisiana

We have audited the accompanying statements of the governmental activities and the aggregate remaining fund information of City Court of Rayne, a component unit of the City of Rayne, as of and for the year ended September 30, 2012, which collectively comprise the City Court of Rayne's basic financial statements and have issued our report thereon dated February 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Rayne City Court is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City Court of Rayne's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Rayne's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City Court of Rayne's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be deficiencies in internal control over financial reporting. We identify these items as 2012-1, 2012-3 and 2012-4. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable James M. Cunningham, III
City Judge
City Court of Rayne
Rayne, Louisiana

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether City Court of Rayne, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2012-2 and 2012-5.

Rayne City Court's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit City Court of Rayne's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others in the organization and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Therefore, its distribution is not limited.

A handwritten signature in blue ink that reads "Thibodeaux Accounting Company". The signature is written in a cursive, flowing style.

Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
February 3, 2013

CITY COURT OF RAYNE, LOUISIANA

Schedule of Findings
Year Ended September 30, 2012

PART I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the City Court of Rayne, Louisiana's basic financial statements as of and for the year ended September 30, 2012.

Internal Control - Financial Reporting

There were two significant deficiencies in internal control on financial reporting that were disclosed by the audit of the financial statement.

Material Noncompliance - Financial Reporting

The results of our tests disclosed three instances of noncompliance required to be reported under *Government Auditing Standards*.

PART II. FINDING RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2012-1 Finding: Financial Statements Not in Accordance With GAAP

The City Court does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Criteria:

The reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Cause of Condition:

The City Court does not have the funds to hire someone or to outsource this function.

Effect of Condition:

The financial statements may not be prepared in accordance with GAAP.

Recommendation:

We recommend that the City Court outsource this task to ensure the recording of the courts financial transactions in accordance with GAAP.

CITY COURT OF RAYNE, LOUISIANA

Schedule of Findings (Continued)

Year Ended September 30, 2012

2012-2 Finding: Budget Violation

City Court did not properly amend their budget and exceeded budgeted expenses or uses by more than 5% in the General Fund.

Criteria:

Louisiana Revised Statute 39:1311 states that the total actual expenditures or uses should not exceed budgeted expenditures by more than 5%.

Cause of Condition:

Management did not properly amend the budget.

Effect of Condition:

City Court could spend funds in excess of budgeted amounts.

Recommendation:

City Court should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations or conditions.

2012-3 Finding: Fines Account not Reconciled Timely

The City Court does not reconcile the Fines Account in a timely manner.

Criteria:

Bank accounts should be reconciled monthly to ensure that all transactions have been accounted for and recorded.

Cause of Condition:

Due to the fact that reconciliations are being prepared by the staff of the City of Rayne who is not performing them on a timely basis.

Effect of Condition:

There is a chance that not all transactions will be recorded or accounted for.

Recommendation:

Rayne City Court should prepare its own reconciliations of bank accounts monthly to ensure all transactions have been accounted for and recorded.

CITY COURT OF RAYNE, LOUISIANA

Schedule of Findings (Continued)
Year Ended September 30, 2012

2012-4 Finding: Ticket Information not complete

Not all citations entered into City Court's system had the necessary ticket number and blotter number.

Criteria:

City Court should have complete and accurate records in its system.

Cause of Condition:

The person entering data failed to completely record the data.

Effect of Condition:

If the records in the system are incomplete, City Court could become out of compliance if not timely corrected.

Recommendation:

Internal controls should be put into place so that all information must be placed into the system before a case number is assigned.

2012-5 Finding: Budget Violation

Rayne City Court did not sign and advertise their budget fifteen days before the beginning of the fiscal year.

Criteria:

Louisiana Revised Statute 39:1306 states that budgets should be signed and advertised at least fifteen days before the beginning of the fiscal year.

Cause of Condition:

Rayne City Court's budget was not signed and advertised timely.

Effect of Condition:

Rayne City Court is not in compliance with Louisiana Revised Statute 39:1306.

Recommendation:

Rayne City Court should have their budget signed and advertised at least fifteen days prior to the beginning of the fiscal year.

CITY COURT OF RAYNE, LOUISIANA

Corrective Action Plan
Year Ended September 30, 2012

Response to Findings:

- 2012-1 City Court has evaluated the cost vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the court to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.
- 2012-2 Yvette Salvatierra, Deputy Clerk, will try to ensure that the budget is amended as necessary. City Court expects to have this issue resolved by September 30, 2013.
- 2012-3 The Fines Account was being reconciled at the City of Rayne. City Court recently took this task over.
- 2012-4 City Court has set up their computer system so that it will not allow you to move forward unless all pertinent information is entered.
- 2012-5 City Court encountered a mold issue in their city court building causing them to have to relocate. Due to this the budget was overlooked. City Court will finalize and advertise their budget at least fifteen days prior to the beginning of the fiscal year.

CITY COURT OF RAYNE, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2012

- 2011-1 The City Court does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Recommendation: We recommend that the City Court outsource this task to ensure the recording of the court's financial transactions in accordance with GAAP.

Status: Unresolved

- 2011-2 The City Court does not reconcile petty cash nor keep proper documentation of money going in or out.

Recommendation: City Court should record all petty cash transactions in the general ledger and should perform a monthly petty cash reconciliation.

Status: Resolved

- 2011-3 City Court did not have a records retention schedule approved by the LA Secretary of State (RS 44:411 and RS 44:36).

Recommendation: There is no recommendation due to the fact that City Court has submitted a records retention policy and is waiting on approval.

Status: Resolved